



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
WASHINGTON, D.C. 20410-7000

OFFICE OF THE ASSISTANT SECRETARY
FOR COMMUNITY PLANNING AND DEVELOPMENT

SEP -5 2005

MEMORANDUM FOR: All CPD Field Office Division Directors

This document has been
signed by
Pamela H. Patenaude

FROM: Pamela H. Patenaude, Assistant Secretary, D

SUBJECT: Statutory Waiver of from CDBG Public Service Expenditure Cap to
Assist Persons Displaced by Presidentially-declared Disaster
Hurricane Katrina

Due to the impact of Hurricane Katrina, inhabitants along the Gulf Coast in Alabama, Mississippi and Louisiana have been forced to abandon their homes and seek shelter in other communities and in other states. Entitlement communities in several states have proposed the use of CDBG funds to pay costs associated with services for this population. Most of these costs, such as the provision of food, temporary shelter and related services, are eligible CDBG expenditures under the public services provision of section 105(a)(8) of the Housing and Community Development Act of 1974, as amended (the Act). However, the same statutory provision generally limits such expenditures to 15 percent of the grantee's most recent CDBG allocation plus program income.

Section 122 of the Act provides the Secretary with the authority to suspend requirements of the Act in order to assist CDBG grantees in addressing the damage in an area for which the President has issued a federal disaster declaration. The damage attributable to Hurricane Katrina has been so great and widespread that it has caused an exodus from the declared disaster areas. This populace has moved into other communities and states in an effort to find the basic necessities of life, including shelter and sustenance. CDBG grantees are seeking to address these needs and have contacted the Department seeking relief from the CDBG public services cap in order to utilize CDBG funds to cover expenses related to servicing this population. In this instance, addressing the damage caused by the federally-declared disaster involves addressing the needs of population displaced by the disaster. As noted above, many of these needs are public service expenses and activities eligible under the CDBG program.

Based on these facts and given the immediate need to address the expenses associated with this influx of individuals, I find that there is good cause to invoke section 122 of the Act and suspend the provision of section 105(a)(8) of the Act imposing upon CDBG grantees a fifteen (15) percent cap on public service expenditures. This suspension shall be available to the CDBG grantees only for purposes related to Hurricane Katrina assistance efforts. The relief granted by this suspension shall enable grantees to obligate and expend amounts in excess of their individual public services caps for activities and purposes related to Hurricane Katrina assistance efforts provided amounts so obligated and expended shall be documented to be for assistance related to Hurricane Katrina assistance efforts.

Communities exercising this waiver should so indicate in writing to HUD as soon as it is convenient.

Questions regarding this waiver should be directed to Stan Gimont, Director, Entitlement Communities Division, at (202) 708-1577, extension 4559, or at Stanley_Gimont@hud.gov.